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EVALUATION ANALYSIS
OF
PROCUREMENT DIVISION
WORKLOAD

MARCH 1975

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This presentation defines terms and reflects actual productivity statistics and the application of same to assess the effectiveness with which the procurement task is being executed. For purposes of comparability, we have chosen the first 6-month period of the current and prior fiscal years.

The recent Plans & Programs Staff, OL (P&PS), Procurement Study focused primarily on the General Procurement Branch (GPB). For this reason, we have chosen to concentrate this presentation in that area.

In order to provide for organized thought herein, we present the following:

- a. Definitions
- b. Summary Statistics for the Two Periods Chosen for Comparison
- c. Application of Statistics and Other Pertinent Data
 - I. Average Monthly Funded Requirements Received per Procurement Officer
 - II. Average Monthly Backlog per Procurement Officer
 - III. Average Monthly Productivity per Procurement Officer
 - IV. Average Completed Actions per Funded Requirement
 - V. Average Completed Line Item per Completed Action
 - VI. Average GPB Experience of Procurement Officers
 - VII. Average Compensated Overtime
 - VIII. Non-Statistical Factors Relating to Productivity
 - IX. Average Through-Put Time of Funded Requirements
 - X. Other Related Elements
- d. Conclusion

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DEFINITIONS

1. Funded Requirement:
 - 1a. Form 2420: "Request for Procurement Services" is a direct charge to the customer's allotment. This funded requirement bypasses the normal OL channels and is routed directly from the customer to PD.
 - 1b. Form 88: "Requisition for Material and/or Services" (usually PPA funded) is routed through SD channels to PD.
 - 1c. Imprest Funds (Petty Cash): GPB Revolving Account for \$4,000 is utilized whenever feasible but is limited in scope. Items such as rubber stamps, miscellaneous parts, etc., are common to this account but are normally limited to \$100 individual purchases.
2. Purchase Action: A contractual document resulting from either a funded requirement or a funded or unfunded amendment relating to a previously funded requirement.
 - 2a. Contract: A bilateral agreement for open-market requirements normally in excess of \$10,000.
 - 2b. Service Contract (General Term): A bilateral agreement for quick-reaction goods and services.
 - 2c. 100S Services: A telephonic order mechanism for quick-reaction services not provided for under service contracts. Limitation not to exceed \$2,500. (See Attachment 1 - Supply Division Instruction No. 45-80 dated 22 August 1972, subject: Procedures for Commercial Repair of Equipment.) This procurement mechanism eliminates written orders but requires GPB approving officer's certification for payment.
 - 2d. Purchase Order: A unilateral agreement for open-market requirements not in excess of \$10,000.
 - 2e. Delivery Order: A unilateral agreement issued for requirements under an existing contract.
3. Line Item: Any separately priced individual item or unit of a purchase action.

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SUMMARY STATISTICS FOR THE TWO PERIODS CHOSEN FOR COMPARISON

<u>FY 74 7/1 - 12/31/73</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>6 Mos Totals</u>	<u>Monthly Average</u>
Funded Requirements Received	1,676	1,098	971	1,045	957	710	6,457	1,076
Funded Requirements Completed	948 1.06	1,018 1.33	704 1.39	957	1,142	950	5,719	953 1.14
Actions - Completed	1,035	1,356	910	1,102	1,350	962	6,715	1,119
Line Items Completed	2,165	3,454	2,490	2,658	3,661	2,271	16,699	2,783
Backlog (Funded Requirements)	723	803	1,075	1,165	978	738		917
Number of Procurement Officers	9	9	10	10	10	12		10
Compensated O/T Hours	113	260	175	220	174	92	1,034	172

(Equivalent additional man-months =1.0+)

FY 75 7/1 - 12/31/74

Funded Requirements Received	1,513	871	947	847	631	714	5,523	921
Funded Requirements Completed	848 (3)	1,006	629	780	586	623	4,472	747 (1.14)
Actions - Completed	923 (3)	1,110	859	892	643	667	5,094	849 (1.14)
Line Items Completed	1,441 (4)	2,307	1,963	3,129	1,392	1,507	11,739	1,957
Backlog (Funded Requirements)	665 (4)	530 (6.9)	848 (5.1)	915 (5.2)	960 (3.8)	1,051 (3.1)		828 (4.2)
Number of Procurement Officers	11	8	8	8	8	9		8.67 (8.67)
Compensated O/T Hours	42	60	56	62	48	33	301	50

(Equivalent additional man-months =.03-)

APPLICATION OF STATISTICS
AND OTHER PERTINENT DATA

As is the case with any statistical presentation, variable or inconsistent factors can influence the conclusions to be drawn therefrom. For this reason, we will isolate on individual comparative statistics in an attempt to determine what, if any, effects may have been caused by variable factors.

I. Average Monthly Funded Requirements Received per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> funded requirements received per month	1,076	921
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> funded requirements received per month per procurement officer	107.6	106.2 (5.66)

Based on the above, we can determine that the average funded requirement received per procurement officer for each period was constant.

II. Average Monthly Backlog per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> monthly backlog for period	917	828
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly backlog of funded requirements per procurement officer	91.7	95.5

Based on the above, we can determine that the average backlog per procurement officer has increased slightly (4 percent).

III. Average Monthly Productivity per Procurement Officer:

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> monthly actions completed	1,119	849
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly completed actions per procurement officer	112	.98

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4.5 quah. actions
per day/per
officer (incl.
50 hrs OT/mo)

Based on the above, we can determine that average monthly productivity (completed actions) is significantly less in the latter period (14 percent).

At this point, let us examine the relationship between funded requirements received, by number, average line items per funded requirement received, average number of actions generated per funded requirement, and the average number of line items per action.

IV. Average Completed Actions Per Funded Requirement:

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Average</u> monthly funded requirements completed	953	747
<u>Average</u> monthly actions completed	1,119	849
<u>Average</u> actions completed per funded requirement	1.17	1.14 <i>actions per requirement</i>

Based on the above, we can determine that the average completed actions generated per funded requirement remained constant between periods.

V. Average Completed Line Item Per Completed Action:

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Average</u> number line items requested per month	2,783	1,957
<u>Average</u> number actions completed per month	1,119	849
<u>Average</u> line items per completed action	2.48	2.31

Based on the above, we can determine that the average line items per completed action declined slightly during the latter period (7 percent). It can therefore be reasonably concluded that neither average requisitions per completed action nor line items per completed action had a measurable impact on the average completed actions per procurement officer between the two periods.

VI. Average GPB Experience of Procurement Officers:

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
<u>Actual</u> on-board procurement officer's average General Procurement experience	25.5 mos.	14.0 mos.

(Data to support the above averages is available upon request.)

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The loss of Messrs. [REDACTED] within a 30-day period was a staggering experience (i.e., a 45 percent experience reduction).

VII. Average Compensated Overtime:

	<u>7/1/73 to 12/31/73</u>	<u>7/1/74 to 12/31/74</u>
Total compensated overtime hours	1,034	301
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> monthly compensated overtime	172 hrs.	50 hrs.
<u>Average</u> monthly compensated overtime per procurement officer	17.2 hrs.	5.8 hrs.

Based on the above, we can reasonably determine that the lack of compensated overtime, for whatever reason, was a measurable factor in the decreased productivity of GPB's procurement officers. It should be noted that the above figures DO NOT include significant uncompensated overtime performed by supervisory personnel.

For the sole purpose of trying to eliminate this variable between the two periods, the statistical addition of 11.4 hours of compensated overtime (17.2 minus 5.8) per procurement officer per month for the latter period would produce the following comparison:

<u>Added</u> compensated overtime per month per procurement officer	11.4 hrs.
<u>Average</u> on-board strength procurement officers	X 8.67
<u>Added</u> man-hours per month	98.8
<u>Added</u> man-months of productivity (98.8 divided by 173.3) (173.3 = 2,080 divided by 12)	.57 m/m*
<u>Average</u> completed actions per month per procurement officer	X 98
<u>Increased</u> productivity of completed actions per month	56*

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	7/1/73 to 12/31/73	7/1/74 to 12/31/74
<u>Average</u> completed actions	1,119	849
<u>Added</u> for overtime	-0-	56*
<u>Totals</u>	1,119	905*
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Average</u> completed actions per procurement officer per month	112	104*

*Hypothetical based on statistical assumption that GPB compensated over-time for procurement officers during the latter period is equated to the compensated overtime in the first period, this to eliminate a variable and thus make comparison more meaningful.

VIII. Non-Statistical Factors Relating to Productivity:

Other variable factors can be identified that, while not conducive to statistical presentation, nonetheless had a probable negative impact on productivity during the latter period.

a. Administration and Follow-up Responsibilities:

During the first period, all responsibility for administration and follow-up of completed actions was vested in the Central Control & Distribution Branch, SD/OL. Effective 1 March 1974, however, all responsibility for administration and follow-up of completed actions was transferred to GPB with no concurrent or subsequent increase in personnel. These responsibilities present in the second period (FY 1975) were not present in the comparable period of FY 1974. While we cannot support our opinion with documentary evidence, it is nonetheless our judgment that procurement officers will average one hour of administration and follow-up to every five hours of purchasing effort. Typical of administrative responsibilities is the effort required to effect payment of past-due vendor invoices. (162/d)

For the sole purpose of trying to eliminate this variable between the two periods, the statistical addition of 1.73 procurement officers (1/5 of the on-board strength of 8.67 in the second period, i.e., 1:5 administrative/purchasing ratio) using productivity statistics for the period would produce the following comparison.

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An 8-hr day, 1.28 hrs. for admin/follow up

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	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average actual</u> monthly completed actions per procurement officer	112	98
<u>Average</u> on-board strength procurement officers	10.0	10.40*
<u>Average</u> monthly actions completed	1,120	1,019*

*Hypothetical based on statistical assumption that GPB did not have administration and follow-up responsibilities, this to eliminate a variable and thus make comparisons more meaningful.

In recapping the statistics presented and comparisons made between the two periods, we believe the following statistical conclusions are valid.

	<u>7/1/73 to</u> <u>12/31/73</u>	<u>7/1/74 to</u> <u>12/31/74</u>
<u>Average</u> actual monthly completed actions	1,119	849
<u>Adjustment</u> to completed actions to equalize overtime differential (see VII above).	-0-	54*
<u>Adjustment</u> to completed actions to equalize for administration and follow-up responsibilities assumed (1.73 X 98 actions per man per month = 170 actions)	-0-	170*
<u>Monthly</u> completed actions	1,119	1,073*
<u>Average</u> on-board strength procurement officers	10.0	8.67
<u>Monthly</u> completed actions per procurement officer	112	124*

*Hypothetical

b. Requirements:

The CIA Act of 1949, as amended, when coupled with the Office of General Counsel's stated 1970 position, which is the adoption of the ASPR as a guide, places the small purchase program of the Agency in a position where we must strive for essential compliance of not only the ASPR but also the FPMR's, other Agency regulations, and OL procurement policies. Notwithstanding this as a guide philosophy, such things as the advent of the Freedom of Information Act (FOIA) and audit staff pressure towards more stringent compliance with GSA dictates, draw us closer and closer to more specific adherence to the aforementioned regulations.

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c. Policy:

It is the general policy of PD to follow the ASPR's and FPR's as guides. PD also tries to follow the FPMR's under which the FSS's are regulated. However, because of security and operational requirements, full compliance has never been practicable.

d. Political Atmosphere:

Considering the current political atmosphere, the Agency is in a "fish bowl" compared to the past protective aura it once enjoyed. We now consider it advisable to TIGHTEN the operating procedures to more closely comply with (1) FSS Contract Provisions, (2) GSA implementing regulations re Public Law 93-356, dated 25 July 1974 (see attachment 2), and (3) management and audit staff mandates, based on FOIA and other considerations, for obtaining sufficient sole-source justifications all of which further delay process time.

Full compliance with FPMR would seriously impact on our ability to satisfy Agency requirements on a timely basis. It would further increase our backlog and our administrative workload.

e. Multiple Awards:

Compliance with FSS under multiple awards requires complete sets of catalogs and price lists for all commodities, both on file in PD and in requisitioning offices. In some commodity groups, there are as many as 27 different contractors. Consequently, if the requisitioning office does not select the lowest priced item on the schedule, it would be required to justify its alternative selection under FPMR 101-26.408-1 (see Attachment 3). This is an effective "or equal" philosophy.

f. Waivers:

In commodities such as furniture and office equipment purchases deviating from schedules require a written waiver from the Commissioner, FSS/GSA.

g. Maximum Requirements:

Requirements in excess of maximum order limitations must be forwarded to GSA for procurement.

h. Special Requirements:

When items in the schedules meet the general but not the special requirements of the Agency, a written waiver to purchase such items must be secured from GSA.

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IX. Average Through-Put Time of Funded Requirements:

Finite analysis of the through-put time of any action is subject to so many variables that the development of a concrete average of through-put time is at best inconclusive. However, if one considers the actions as inventory and utilizes the FIFO (First In, First Out) method, the following information can be derived.

On an average basis, the backlog during the second period would represent 22.5 working days, calculated as follows:

<u>Average actual</u> completed actions per procurement officer per month	98
<u>Average</u> number working days per month	20 (22?)
<u>Average actual</u> completed actions per procurement officer per day	4.9 (4.5)
<u>Average</u> on-board strength procurement officers during the period of 7/1/74 to 12/31/74	X8.67
<u>Average</u> completed actions per day (GPB)	42.5
<u>Average</u> backlog 7/1/74 to 12/31/74 (828 funded requirements X average of 1.136 actions per funded requirements)	941
<u>Average</u> through-put time per funded requirement during the period of 7/1/74 to 12/31/74	22.5 working days

Looking at average through-put from a different perspective, the following represents the average completion times for the period 7/1/74 to 12/31/74.

Calendar Days

<u>1 - 7</u>	<u>8 - 15</u>	<u>16 - 30</u>	<u>31 - 60</u>	<u>61 and over</u>
709	849	1,037	903	555
17%	21%	26%	22%	14%

The above figures demonstrate that 64 percent of all funded requirements are completed within 30 calendar days of receipt.

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While the obvious answer appears to be the application of additional procurement officers, the nature of the funded requirements are such that a certain percentage of them will always require in excess of 31 days to complete. This delay is due to numerous reasons (e.g., inadequate specifications, formal solicitations, non-responsive vendors, lack of sufficient sole-source justifications, etc.).

The above figures do not include 419 100S-type 2420's due to the fact that, contrary to SD Instruction No. 45-80 requirements, many of these funded requirements are not physically received until after procurement action has been completed. If included, this amount would result in a negative through-put time which would distort the above quantitative statistical analysis of average through-put time.

X. Other Related Elements:

a. To the statistics thus far presented must be added the variable effect of the Small Purchases Branch, Central Depot, SD/OL (SPB), which was not in being during the first period (FY 1974) but was in the second period (FY 1975). SPB was assigned 1,846 funded requirements per SPB personnel during the second period that would otherwise have been handled by GPB. In an attempt to make these statistical comparisons as meaningful as possible, we must therefore add 1,846 funded requirements to the second period, for comparative purposes.

?
Doesn't get the point!

	7/1/73 to 12/31/73	7/1/74 to 12/31/74
Funded requirements received	6,457	5,523
Statistical addition of SPB funded requirements	-0-	1,846
Adjusted Totals	<u>6,457</u>	<u>7,369</u>

Because it would be statistically invalid to attempt to compute an average completion rate and resultant backlog figures as a result of the statistical SPB added requirements, suffice to say that the preponderance of them would still be on hand. Given the fact that GPB received 5,523 funded requirements; given the fact that SPB received 1,846 requirements; given the fact that as of 31 December, there were 1,051 funded requirements backlogged in GPB; and assuming that the simplicity of the SPB-type action is offset by the additional resource expenditure necessary for such things as payment, packing, pickup and delivery, etc., it could be considered valid to assume that each of the aforementioned funded requirements would generate 1.136 actions and therefore an analysis of our hypothetical position could be portrayed as follows.

Do SPB Purch. Officers do this?

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<u>Number of Buyers</u>	<u>Actions Completed</u>	<u>Backlog</u>
8.67	5,094	3,290
9.0	5,292	3,092
10.0	5,880	2,504
11.0	6,468	1,916
12.0	7,056	1,328
13.0	7,644	740
14.0	8,232	152
15.0	8,820	-0-

STATINTL

b. The final heretofore unmentioned potential variable effect on the statistics presented is that of the [REDACTED]. Based on our analysis, we conclude that, with very minor exceptions, the effect of the [REDACTED] was constant across both periods and therefore an inconsequential variable.

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CONCLUSION

Based on an evaluation of all factors contained herein, it is our opinion that:

a. Productivity per procurement officer during the period of 7/1/74 to 12/31/74 was equal to or greater than productivity in any prior period, all facts considered.

b. Productivity of completed actions per procurement officer per month equals or exceeds that which can reasonably be expected, all facts considered.

? c. An increase in the procurement delegation of authority would neither measurably increase through-put time nor measurably decrease backlog conditions in light of the fact that those procurement officers presently vested with \$500 authority have an average experience base in GPB of only 10 months.

d. Existing Federal procurement statutes, Agency implementing regulations (FPMR, ASPR), and OL procurement policies must be adhered to regardless of where within the organization the small purchase program is located.

→ e. The administration and follow-up responsibility imposed in March of 1974 has had the effect of reducing the per-individual productivity by a minimum of 20 percent in the comparable periods.

*What is procedure
in other Govt. agencies?*

*(or is
it 16%?)*

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